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OXC-2802 Copy / of 8

19 January 1962

MEMORANDUM FOR: Deputy Director (Plans)

SUBJECT

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: Approval of Final Settlement Agreement under Contract No. CC-28441, Amendment No. 3, with Information Fidelity Incorporated

1. This memorandum contains a recommendation for the approval of the Deputy Director (Plans). Said recommendation is contained in paragraph 8. This paper is written as a short historical account of performance under this contract, which was terminated for the convenience of the Government on 8 November 1961. In addition, it makes recommendations with respect to final settlement and adjustment of fixed fee.

Subject contract was originally entered into for

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of the services of a Scientific Management Group, consisting	മറ്റ
Chief Executive Officer, a Chief Scientist, and other techn	4401 and
delining of the second of the	TOST SUG
administrative aides to carry out AR research coordinating	activities
and other related services at the test site. The primary p	urpose of
the contract was to utilize a team relationship then existi	ng between
Mr. Herbert Miller, both of whom h	ad
theretofore been actively and intimately involved in the AR	regeanch
portion of the OXCART Program. The justification for estab	Tepearen
por visit of the cacari riogram. The justification for estab	lisning a
new contractual vehicle for attaining the services of these	two
gentlemen was to provide an atmosphere and a relationship u	nder which
scientific best efforts could be assured to th	e OXCART
Program on a continuing basis. Such a contractual interrel	ationship
was at the time considered a necessary, if not the only, co	ndition
precedent to continued best efforts in the Pro	MAT OTOH
The game of the animal constituted best efforts in the Pro	gram.
The scope of the original contract costs were estimated at	\$303 , 356.00,
and fixed fee established in the amount of \$24,269.00 for to	he period
1 March 1961 through 30 June 1962. Subsequently, in Septem	ber 1961
this contract was amended to expand the scope thereof to in	
tachnical apparation during antablishment and destrict to the	CTUTE
technical supervision during establishment and installation	
equipment	as well

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as the subsequent maintenance and operation thereof through 30 June 1962. For this additional scope of work the estimated cost of the contract was increased by an amount of \$168.324.00. plus additional fixed fee in the amount of \$9,451.00. The contract provided that this fee increase (\$9,451.00) was predicated upon the Contractor's having in its employ and beneficially utilized for the AR Model Range the following personnel effort through 30 June 1962:

- a. 22 man-months supervisory and/or electronic maintenance engineers
- b. 24 man-months electronic and/or electromechanical technicians

3. In evaluating performance under this contract, the Chief,
Development Branch, DPD, and Special Assistant for Technical
Analysis, DPD, were reasonably satisfied with the progress made
from the beginning of the contract effort through the period ending
30 October, on which date made the personal decision to
withdraw from, and to be no longer associated with, Information
Fidelity Incorporated. Since it was known that was
leaving the employment of the Contractor, which, of course, terminated
the team concept originally contemplated under the contract. a
termination notice was given terminating forthwith further effort.
Such notice of termination was given on 6 November and was followed
by a Headquarters conference on 8 November attended by Mr. Miller.
At this later conference it was determined advisable, and in the
Government's best interest, to continue certain contract effort
for another three weeks (through 30 November 1961) for submission
of a final report, completion and delivery of simulation equipment,
and completion of fabrication and/or progurement of equipment for
the

- 4. All services required under subject contract, as terminated, have now been rendered, including delivery of all Government-owned property and equipment, and a final report which satisfactorily summarizes all work and findings accomplished (as certified to by the Special Assistant for Technical Analysis, DPD and Chief, Development Branch, DPD).
- 5. DPD's cognizant Air Force Auditor has audited Contractor's books and records and confirms allowable costs through completion of termination activities in the amount of \$231,267.83.

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6. As above noted, the fee provided for the original scope of work (over a period of 16 months) was \$24,269.00. The Contract was terminated at the end of the tenth month. On an elapsed time basis the Contractor properly could be paid 62% of such original fee, or \$15,046.00. The original fee as established for the effort was \$9,451.00. Computationally, 36% of the level of effort of this work has been performed and the Contractor therefore entitled to \$3,240.00 of the original fee.

7. During negotiations conducted at Headquarters on 13 December 1961, the Contracting Officer and Mr. Miller tentatively agreed to a final fee payment in this case of \$19,286.00. The Contracting Officer's rationale paying of this fee figure is as follows:

8. The Contracting Officer therefore recommends that this contract be finally settled for reimbursement to the Contractor of allowable costs amounting to \$231,267,83 plus a fixed fee of \$19,286.00, or a total contract amount of \$250,553,83.

or a total contract amount of \$250,553.83.

Contracting Officer. 'DPD

Comptroller, DPD

JOHN PARANGOSKY

Chief, Development Branch, DPD

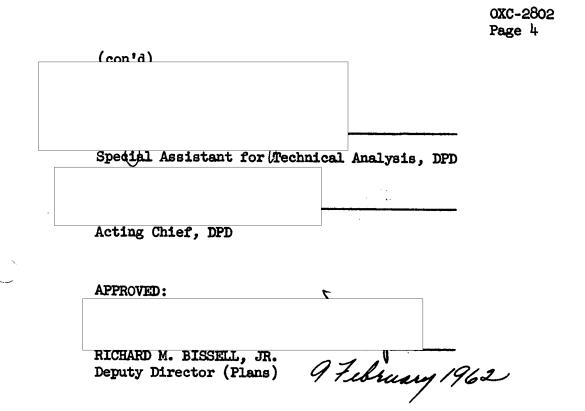
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